

Status: Ready to File

**Western Massachusetts Electric Company
Docket No. DTE 04-106**

**Information Request DTE-01
Dated: 12/02/2004
Q- DTE1-022
Page 1 of 1**

**Witness: Richard A. Soderman
Request from: Department of Telecommunications and Energy**

Question:

Refer to the Settlement Agreement at 5, Article VIII. Please provide an estimate of the total costs associated with the NUSmart pilot program for which the Company will be seeking deferral and recovery. Provide all workpapers, calculations, assumptions, etc. used to derive this estimate.

Response:

WMECO has developed estimates of total cost based on the experience of its Connecticut affiliate, The Connecticut Light & Power Company (CL&P). The estimates included costs associated with the arrearage forgiveness payments, program costs and incremental staffing.

Arrearage Forgiveness Payments

Over the past eight years, participation in CL&P program has ranged from 3000 - 5000, the amount of arrearage forgiveness payments has ranged from a low of just under \$600k to a high this year of nearly \$1 million. Based on this experience WMECO estimates that the cost of arrearage forgiveness payments will be approximately \$200,000 per 1000 customers who participate.

Program Costs

NUSmart uses a holistic approach to meet the needs of financially challenged customers and emphasizes dissemination of information about personal budgeting and available customer assistance programs. The success of NUSmart is dependent upon the ability of participants to understand the program and their willingness to make a personal commitment towards achieving the potential benefits. Adoption of NUSmart's underlying concept of regular monthly payments, coupled with education and improved financial literacy of the participants, is critical to the long-term success of participating customers and to NUSmart. WMECO estimates program costs will be \$10,000 - 12,000 to cover mailings to customers, support to agencies to provide "Money Matters" workshops and workshop materials and incentives.

Incremental Staffing

The majority of the administrative support for this program will be absorbed by WMECO Call Center the Special Assistance Unit within NU's Credit and Collection Center. However, NUSmart accounts require a substantial amount of individual attention to help ensure customers continue to meet the requirements of the program and it is anticipated an incremental representative will be added to the Special Assistance Unit, in early 2005, to help process, follow-up and monitor NUSMART customer accounts. An incremental representative is estimated to cost \$60,000 (fully loaded).

Total Cost

The total estimated cost for a participation at the 1,000 participant level (please refer to the response to DTE1-021) is:

Arrearage forgiveness payments	\$ 200,000
Program costs	\$ 10,000-12,000
Staffing	\$ 60,000
Total	\$ 270,000-\$282,000

These figures are only estimates of categories costs that are anticipated at present. Other categories of costs may arise. In addition, cost is very dependent on the number of participants and may vary substantially from the above figures.